

Economic Impact Study



Impact of Imagine Children's Museum on Snohomish and King Counties, Washington

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Executive Summary

Overview

This study examines the estimated economic impact of Imagine Children’s Museum, a 501(c)3 organization located in Everett, Washington, it’s home county of Snohomish, Washington, and the neighboring county of King, Washington’s largest county and the home of many of Imagine Children’s Museum’s employees, members, and visitors.

Our analysis focuses on two different timeframes for assessing economic impact: Imagine’s current economic impact, based on its activities during the 2017 calendar year, and the expected impact of a planned expansion of Imagine Children’s Museum’s facilities, planned to take place in 2021. For the purposes of this analysis, we have considered the economic impact of the new facility construction and the expected impact that expansion will have on Imagine’s revenues during the five years following construction.

The results of our analysis suggest the following:

We estimate that through its activities, Imagine Children’s Museum contributed at least \$5,532,263 in unique economic value to the City of Everett, Snohomish County, and King County during the 2017 calendar year alone.

Imagine’s impact was felt across a wide range of impact points:

- Revenues it collected
- Spending of visitors to Imagine from beyond the Everett, King, and Snohomish areas,
- Salaries it paid to its employees,
- Impact on the local tax bases
- Impact of its relationships with the partners that provide it with goods and services.

Estimated Economic Impact of Imagine Children’s Museum on The City of Everett, Snohomish County, and King County in 2017	
Revenues Received by Imagine	\$1,588,908
Economic Impact of Out-of-Town Visitors	\$753,146
Economic Impact of Salaries Paid by Imagine	\$1,858,791
Local Taxes Attributable to Imagine	\$302,404
Economic Impact of Imagine’s Local Partnerships	\$1,029,014
Total Economic Impact for 2017	\$5,532,263

As a not-for-profit institution, Imagine receives a significant amount of its long-term support via benefaction – donations and the reinvestment of those donations. When we add donations Imagine received during the 2017 calendar year and Imagine’s reinvestment of those dollars, we estimate that Imagine Children’s Museum *contributed at least \$9,341,460 in unique economic value to the City of Everett, Snohomish County, and King County during the 2017 calendar year.*

An analysis of the anticipated economic benefit of the expansion of Imagine Children’s Museum in 2021 and the revenue gains in the five years post-expansion suggests a significant economic opportunity for the City of Everett and Snohomish and King Counties during those six years.

Estimated Economic Impact of Imagine Children’s Museum on The City of Everett, Snohomish County, and King County Through Expansion and Post-Expansion Revenue	
Total Economic Contribution of the Planned Expansion of Imagine Children’s Museum	\$33,507,500
Total Economic Contribution of the Planned Expansion of Imagine Children’s Museum	\$27,816,033
Total Economic Impact between 2021 and 2026	\$61,323,533

Our analysis of the expected costs of expansion and the expected post-expansion revenue of Imagine Children’s Museum suggest that Imagine Children’s Museum will contribute at least \$61,323,533 in unique economic value to the City of Everett, Snohomish County, and King County between 2021 and 2026 as a result of their expansion.

We estimate that the direct, indirect, and induced spending associated with the expansion of Imagine Children’s Museum and the subsequent five years of operations in the new facility will support the creation of more than 366 jobs at Imagine, at businesses that it partners with, and in the community via spillover effects. This is a single-year contribution of \$26,581,116 at the current average wage for the state¹.

¹ US Census Bureau, ACS PUMS 5-year Estimate for Average Wage in Washington (<https://census.gov/programs-surveys/acs/technical-documentation/pums.html>)

Economic Impact Study of Imagine Children’s Museum of Snohomish and King Counties, Washington

Introduction

This report presents the results of an economic impact analysis to determine the economic contributions of Imagine Children’s Museum, a 501(c)3 organization located in downtown Everett, Washington on the City of Everett and Snohomish and King Counties (Snohomish/King), Washington.

Our analysis examines Imagine Children’s Museum impact on the local community from both a current and a future lens. Our current analysis will focus on the contributions we can reasonably estimate from the activities of Imagine during the 2017 calendar year. Our future analysis will focus on the combined forecasted impact of the planned \$25 million expansion of Imagine’s current facilities. We will examine both the economic impact of the capital project, planned for 2021, and the impact of the expected activity of Imagine in the five years following the expansion.

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Preface

About this Study

This study was completed at the request of Imagine Children’s Museum. The researchers were not compensated for their work on this project. Data sources were purchased by Imagine Children’s Museum for their current and future use. The research component of this project was conducted to partially fulfill the degree requirements for a Master of Business Administration degree.

Findings remain the sole property of Imagine Children’s Museum and may not be used without prior approval. Any errors or misstatements contained in this study are solely the responsibility of the author.

The study was conducted during the months of May to July 2018. Portions of the study related to the expansion of Imagine Children’s Museum were revised in June of 2019 to reflect a \$4million increase in budgeted expansion costs, from \$21 million to \$25 million.

About the Authors

The study was conducted and authored by Dr. Christopher Stevens, with research support from Lillie Berry of Gonzaga University, using data, rates and information supplied by Imagine Children’s Museum, local and national data support sources, and RIMS II data for Snohomish and King counties provided by the U.S. Bureau of Economic Analysis.

Christopher E. Stevens, Ph.D. is Associate Professor of Entrepreneurship and MBA Programs Director. Lillie Berry is an analytics professional and Masters of Business Administration student at Gonzaga University.

Please address inquiries about this report to Imagine Children’s Museum.

All images contained in this report were provided by Imagine Children’s Museum.

About Imagine Children's Museum

Organization Description

Imagine Children's Museum in Everett, Washington is dedicated to providing playful learning experiences to children and their parents or caregivers. Hands-on exhibit areas, enrichment activities and outreach services and programs are designed to enhance developmental skills in all children regardless of gender, ethnicity, learning ability or socioeconomic status. Exhibits also highlight the community's unique geographic and historic attributes in order to instill an appreciation of the local environment and civic pride. The Museum fulfills the need for a place where all children and their families can spend quality time together year-round. Imagine is accessible, nurturing and affords all families the opportunity to enjoy playful learning in a physically and emotionally safe environment.

The History of Imagine Children's Museum

In 1991, Imagine Children's Museum was established to provide a space for children and families to connect and grow together throughout the years. The early history of the organization is of a grassroots effort driven by a small collective of volunteers and benefactors.

For the first thirteen years of its existence, Imagine Children's Museum operated out of a series of small leased spaces. In 2004, thanks to a capital campaign and the generous support of the Everett community, Imagine Children's Museum opened its first permanent space in downtown Everett, Washington. The permanent home of Imagine has welcomed more than two million children and caregivers during its 14 years of operation.

In 2017, the Imagine Children's Museum had 252,384 visitors, with revenues of \$5,966,676 coming from operations, fundraising and other sources. Imagine had 59 employees with a payroll of \$1,115,162.

Imagine is planning a \$25 million expansion of its current space which will include new exhibits, additional outreach programs and infrastructure improvements to strengthen Imagine for the future. The capital expansion project is expected to be completed in 2021.

A Brief Explanation of Impact Analysis

Key Terms Used in this Analysis

The standard economic impact analysis quantifies the direct, indirect and induced impact an activity has on the region's economy.

- Direct impact measures the economic benefit of Imagine Children's Museum on Snohomish/King counties.
- Indirect impact measures the economic activities driven by the supply chain of Imagine Children's Museum.
- Induced impact captures the impact of Imagine Children's Museum employees spending their earned wages on goods and services in Snohomish/King counties.

Input-Output Models

Portions of this analysis rely on the RIMS II Input-Output model. The vast majority of economic impact assessments rely on the use of industry and sector-based multipliers to calculate the direct, indirect, and induced effects of economic activity. The RIMS II was developed by the U.S. Department of Commerce's Bureau of Economic Analysis to provide a consistent framework for economic planners, developers, and legislators to understand the impact of economic choices and new industries on regional economies. Each RIMS II sector analyzes the potential economic effects for an industry or a series of industries based on historical and predictive data.

Using the RIMS II Input-Output model the scale of Imagine Children's Museum's impact on the Snohomish/King counties region is measured using the following metrics:

- Output is the total change in local output due to the revenues of Imagine Children's Museum
- Value-Added is the total change in local value added per dollar of Imagine Children's Museum revenues
- Earnings measures the total change in local household earnings per dollar of Imagine Children's Museum revenues
- Employment measures the total change in local jobs per dollar of Imagine Children's Museum revenues
- Direct effect earnings measures the total change in local household earnings per dollar Imagine Children's Museum pays in salaries and wages
- Direct effect employment measures the total change in jobs per job Imagine Children's Museum employs

Impact analysis provides a methodology for assessing the overall expected economic impact, based on a combination of elements, of any planned economic activity. Impact analysis is a widely-used and accepted methodological approach to accounting for the myriad potential economic benefits of new activity throughout a community and its supply chain.

The Economic Impact of Imagine Children’s Museum in 2017

As the sole institution of its type in Snohomish County, the third-largest county in Washington State, Imagine Children’s Museum provides a broad set of economic benefits to the city of Everett, Snohomish County, and neighboring King County, the most populated county in the state of Washington and the 13th largest county in the United States².

Imagine Children’s Museum contributes to the economic welfare of Snohomish/King Counties through:

- Admissions revenue, program revenue, memberships, and merchandise sales to visitors
- Money spent within the city and county by families that travel to Everett to visit Imagine Children’s Museum
- Salaries paid to the employees of Imagine Children’s Museum and the spill-over effects of those salaries
- Taxes collected on the salaries of Imagine Children’s Museum, sales and use taxes by Imagine employees, visitors, and vendors
- The economic gains to local businesses and municipalities who partner with Imagine Children’s Museum and provide it with services

The Impact of Program Revenue

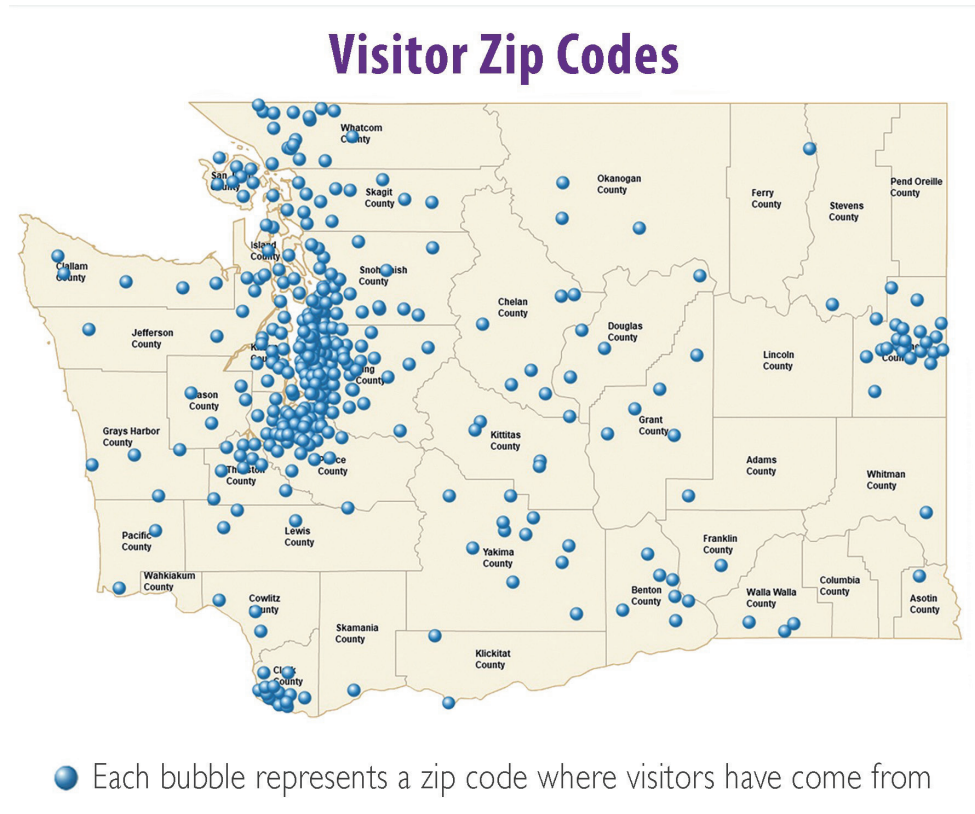
In Fiscal Year 2017, Imagine Children’s Museum realized revenue of \$1,587,938 from admissions and program fees, memberships, gift shop sales, parking revenue, special events, and misc. income opportunities. Imagine Children’s Museum also received \$3,493,245 in donations to support the organization and their sustained contribution to the City of Everett and Snohomish County.

Visitors to Imagine Children’s Museum provided a direct economic contribution to the City of Everett and to Snohomish/King counties of \$1,587,938 in museum admission, program fees, memberships, gift shop sales, and related expenses in 2017.

² King County’s 2017 population of more than 2,190,000 in ranked it 13th among U.S. counties (<https://factfinder.census.gov>)

The Impact of Visitor Spending

Imagine Children’s Museum is a unique entity in Snohomish County and one of a handful of dedicated children’s museums in Washington State. Families have visited Imagine Children’s Museum from every county in Washington State, every state in the United States, and numerous foreign countries³. More than 75% of visitors to Imagine Children’s Museum come from outside of Everett, Washington⁴.



In 2017, Imagine Children’s Museum welcomed 252,384 visitors. For the purposes of this analysis, we have assumed that ten percent of those visitors (25,238 individuals) travelled 50 miles or more to visit Imagine Children’s Museum⁵, and have assumed that ten percent of those out-of-town visitors (2,523 individuals) travelled to Everett specifically to visit Imagine⁶. An analysis of the expected economic impact of these out-of-town travelers alone suggests a significant impact on the local economy.

³ Imagine Children’s Museum 2017 Annual Report

⁴ Imagine Children’s Museum collected zip code data.

⁵ Zip code data collected from museum visitors suggests a higher rate, but as this data is inexact, we have offered a conservative estimate. Studies conducted by the Maine Arts Commission (7% of visitors to Maine museums are from another state), the Omaha Children’s Museum (20% of visitors to OCM are from other states), and the Cincinnati Museum Center (63% of visitors come from outside the Cincinnati region) suggest that our estimate for the number of out-of-town visitors is conservative (please see Reference section for source material).

⁶ Again, in the absence of survey data specific to Imagine, we have offered a conservative estimate of the number of out-of-town visitors to Imagine Children’s Museum that have travelled to Everett and Snohomish County specifically to visit the museum. Similar studies have validated the impact of museums as a central draw for travel. As an example, a 2009 study by the Maine Arts Council noted that 1 in 5 visitors noted museums as the primary reason for their travel and the spending associated with that travel (Lawton & Rowe, 2009).

Economic Contribution of Estimated Out-of-Town Visitors in 2017 Who Travelled to Everett Specifically to Visit Imagine Children’s Museum		
	Unit	Economic Contribution
Number of Out-of-Town Visitors	2,523	
Average Time Spent in Everett	3 days ⁷	
Daily Spending	\$43 ⁸	
Total Daily Spending		\$325,467
Average Number of Nights Spent in Everett	2 nights ⁹	
Average Double-Occupancy Room Rate*	\$127/night	
Total Lodging Sales**		\$160,210
Estimated 2017 Economic Contribution of Out-of-Town Visitors to Everett Specifically to Visit Imagine Children’s Museum		\$485,677¹⁰
<p>* Based on a survey of the average rate of the 20 hotels closest to Imagine Children’s Museum – data collected July 15th, 2018.</p> <p>** To calculate lodging sales, we divided the number of visitors by 4, to factor in (a) the effects of double-occupancy room rates on the number of adult visitors and (b) the anticipated number of children in a visitor group (2017 US Census Figures place the average family size for families with children at 3.14 men, women, and children¹¹). For the purposes of this analysis, we assume that the average out-of-town visitor party will include two adults and two children, and that that party will occupy one hotel room.</p>		

For the remaining 22,000 out-of-town visitors that make a trip to Imagine Children’s Museum a part of their trip to the City of Everett and Snohomish County, we have assumed that their trip to Imagine accounts for approximately 10% of their visit time¹². Given the close proximity of Imagine Children’s Museum and Everett to other locations and attractions, we have further restricted our projections by assuming a shorter stay in Everett for these families (two days in town versus three for visitors specific to the museum and a one-night hotel stay). Imagine’s share of the annual economic contribution of these out-of-town visitors is also significant.

⁷ Snohomish County Tourism Bureau 2017 Annual Report
(http://www.snohomish.org/content/uploads/general_content/2017_SCTB_Annual_Report.pdf)

⁸ Ibid

⁹ Ibid

¹⁰ Based on our expected family size, our estimated annual contribution amounts to \$385 spent per family per day – a number slightly higher than the official tally offered by Snohomish County for 2017 travelers (\$366)

¹¹ <https://census.gov/data/tables/2017/demo/families/cps-2017.html>

¹² Again, we believe this to be a conservative estimate. Limited data is available from outside sources on the amount of time visitors devote to museum visits, but given the strong “anchor” role museums play in driving tourism, we believe it is safe to assume that 10% of the average out-of-town museum visitor’s time in a destination is devoted to museum patronage.

Economic Contribution of Estimated Out-of-Town Visitors in 2017 Who Made a Visit to Imagine Children’s Museum Part of Their Trip to Everett		
	Unit	Economic Contribution
Number of Out-of-Town Visitors (est.)	22,715	
Average Time Spent in Everett (est.)	2 days	
Daily Spending	\$43	
Total Daily Spending		\$1,953,490
Average Number of Nights Spent in Everett	1 night	
Average Double-Occupancy Room Rate*	\$127/night	
Total Lodging Sales**		\$721,201
Imagine’s Share of the 2017 Economic Contribution of Out-of-Town Visitors to Everett Who Included Imagine in Their Trip	10% of total	\$267,469
*/** see notes in previous table regarding room rates and occupancy formulae		

Added together, we estimate that out-of-town visitors to Imagine Children’s Museum provided a direct economic contribution of at least \$753,146 to the City of Everett and to Snohomish and King counties in 2017.

Our estimates of the economic impact of visitors to Imagine do not capture the economic benefits of local visitors to the museum, as the data for these contributions is far harder to arrive at, but it is safe to assume that some portion of the revenue accounted for in the City of Everett and Snohomish/King counties spent by local residents can be accounted for or at least partially attributable to the presence of Imagine Children’s Museum and its presence in downtown Everett.

A study conducted by Oxford Economics and commissioned by the American Alliance of Museums¹³ indicated that among the myriad economic impacts museums have on communities, spending in the leisure and hospitality industries is the most recognizable and impactful. It is estimated that in 2016, US museums accounted for more than \$17 billion in direct, indirect, and induced impact on the leisure and hospitality sectors alone.

While it is reasonable to assume that a large portion of this contribution comes from out-of-town museum visitors, it is equally reasonable to assume that locals pulled to the locations of museums are more inclined to spend money on food, local shopping, parking, and other revenue-enhancing activities.

¹³ Oxford Economics. Museums as Economic Engines: An Economic Impact Study for the American Alliance of Museums. 2017

The Impact of Employee Salaries

In Fiscal Year 2017, Imagine Children’s Museum paid a total of \$991,884 in salaries to its employees.

The \$991,884 dollars in salaries paid to the 59 part and full time employees combined for Imagine Children’s Museum have significant direct effects, in the economic purchasing power of those individuals and their families, and in spill-over effects related to local business growth and sustainability, the contribution to the attractiveness of Everett, Washington and Snohomish and King Counties for new business location, real estate sales, property values, and related tax revenues.

For Fiscal Year 2017, the economic effects of salaries paid by Imagine Children’s Museum are as follows:

Economic Contributions of Salaries Paid by Imagine Children’s Museum in 2017	
Direct Effect (salaries paid to employees)	\$991,884
Indirect and Induced Effects (spending by local employees, increases in property values, supply chain contributions, increased reputational value for new business location, and other spillover effects)	\$866,907
Total Economic Contribution from Salaries Paid*	\$1,858,791
* The RIMS II Multiplier for Museums (museums, historical sites, zoos, and parks) for total economic contribution of employment is 1.7472 times salaries paid.	

The applications of RMIS II multipliers for the museum industry suggest that the salaries of the 59 employees of Imagine Children’s Museum generate the indirect economic equivalent of 44 additional full and part-time jobs¹⁴.

Based on widely-accepted industry multipliers designed to assess the overall economic impact of salaries paid to employees, we estimate that the salaries paid by Imagine Children’s Museum to its 59 employees provided an economic impact of at least \$1,858,791 to the City of Everett and to Snohomish and King counties in 2017.

¹⁴ RMIS II Museum Type II Multiplier of 2.02. A central component of the calculation of overall economic contribution using the RIMS II methodology is the determination of the number of equivalent jobs created through economic activity. The value of these additional full-time and part-time jobs (created by the investment of economics returns into the community’s supply chain) is included in the indirect and induced effect value list. We provide this value here to further validate the indirect and induced effect numbers produced by the application of the RIMS II methodology.

The Impact of Tax Revenue

In Fiscal Year 2017, Imagine Children’s Museum paid \$119,678 in taxes on gross receipts, purchases, and salaries.

Beyond the tax liabilities paid directly by Imagine Children’s Museum, employees of the museum, families who visit the museum, and the businesses who work with Imagine provide a significant and tangible tax contribution to the City of Everett and to Snohomish and King Counties:

Estimated Tax Revenue Related to Imagine Children’s Museum in 2017	
Taxes Paid Directly by Imagine	\$119,678
Estimated Community Gross Receipts Taxes*	\$20,628
Property Taxes Paid By Imagine Employees**	\$136,542
Lodging Taxes Paid by Imagine Visitors***	\$25,556
Total Taxes Paid	\$302,404
<p>* Gross receipts taxes are calculated based on RIMS II multiplier of the total community economic value added by a business minus its revenue. Gross receipts rates for 2017 courtesy State of Washington Department of Commerce</p> <p>** 42 of Imagine Children’s Museum’s employees are located in King and Snohomish Counties. Property taxes based on 2017 median property taxes of \$3,251 per family</p> <p>*** Lodgers tax based on current lodging tax rate applied to the estimated lodging sales of out-of-town visitors of \$232,330</p>	

Based on actual values from 2017, our prior estimates of visitor impact, and widely-accepted industry multipliers, we estimate that the operation of Imagine Children’s Museum contributed at least \$302,404 in tax revenues to the City of Everett, Snohomish County, and King County.

The Impact of Partnerships and Dependencies

In Fiscal Year 2017, Imagine Children’s Museum paid \$493,485 for non-payroll goods and services from the local community to fuel its operations.¹⁵ The effect of these direct expenditures can be felt throughout the industrial supply chains of the City of Everett and Snohomish and King Counties:

Estimated Impact of Expenditures Paid to Local Partners by Imagine Children’s Museum in 2017	
Direct Expenditures for Goods and Services*	\$493,485
Added Value of Those Expenditures to Local Partners**	\$535,529
Total Economic Contribution of Direct Non-Payroll Expenditures to Local Partners	\$1,029,014
<p>* Direct expenditures include all expenses in 2017 minus salaries, benefits, service bonus awards to employees, payroll taxes and depreciation. ** Added value was calculated by multiplying the direct expenditures in 2017 by the RMIS II “Added Value” Multiplier for Museums of 1.0852. This value represents the anticipated economic “spillover” effects of a museum’s direct non-payroll expenses on the supply chain of its local communities.</p>	

Based on actual values from 2017 and widely-accepted industry multipliers, we estimate that the direct non-payroll expenditures of Imagine Children’s Museum contributed at least \$1,029,014 to the City of Everett, Snohomish County, and King County.

¹⁵ Imagine Children’s Museum Audited Financial Statements for 2017

The Economic Impact of Imagine Children’s Museum in 2017 – A Summary

The economic impact of Imagine Children’s Museum on the communities that Imagine and its employees call home was significant and broadly felt.

Estimate Economic Impact of Imagine Children’s Museum on The City of Everett, Snohomish County, and King County in 2017	
Revenues Received by Imagine	\$1,588,908
Economic Impact of Out-of-Town Visitors	\$753,146
Economic Impact of Salaries Paid by Imagine	\$1,858,791
Local Taxes Attributable to Imagine	\$302,404
Economic Impact of Imagine’s Local Partnerships	\$1,029,014
Total Economic Impact for 2017	\$5,532,263

Our analysis of the activities of Imagine Children’s Museum during the 2017 calendar year suggest that Imagine Children’s Museum contributed at least \$5,532,263 in unique economic value to the City of Everett, Snohomish County, and King County during that year alone.

The figures above represent an attempt to capture as many direct contributions as possible to measure the overall impact of Imagine Children’s Museum on the City of Everett and Snohomish/King counties. However, studies of this nature carry inherent challenges that vary from industry to industry and organization to organization.

A key challenge in assessing the indirect and induced impact of a not-for-profit organization is the role of benefaction. During the 2017 fiscal year, Imagine Children’s Museum recorded \$3,723,135 in new donations and \$86,062 in investment income on those and previously-held assets.

In most economic impact studies, total organizational revenues are applied to a modifier to represent the overall impact - direct, indirect, and induced – has on the economy.

Throughout our analysis, we have not included donations or investment income in our tally of revenue.

Were we to include donations received and investment income earned, the expected aggregate impact of Imagine Children’s Museum on the City of Everett and the counties of Snohomish/King would be significantly greater – approximately \$9,341,460 in economic value for the 2017 calendar year.

There are potentially compelling cases for each approach. Ignoring donations and investment income has the potential to focus on the “real revenue” generated by the organization and the spill-over effects associated with the earning of that revenue. Including donations and investment income has the potential to speak more completely toward the role of a community-based not-for-profit organization, as those donations are investments made by others *in the community*. We suggest that both approaches are valid to consider.

A final check exists for the validity of our economic impact estimates – the broad application of the RMIS II multipliers to the total revenues received and total employee salaries paid in 2017. This approach is commonly used to provide a forward-looking estimate when only a few variables are known about the current performance of the organization.

Economic Impact of Imagine Children’s Museum on the City of Everett and Snohomish and King Counties in 2017 Board Applications of RMIS II Multipliers (absent donations and investments)	
Imagine Children’s Museum Revenues - 2017	\$1,588,908
Imagine Children’s Museum Salaries - 2017	\$991,884
Total Direct Economic Impact	\$2,580,792
Indirect and Induced Impact	\$2,620,020
Total Economic Impact for 2017*	\$5,200,812
* The RIMS II Multiplier for Museums (museums, historical sites, zoos, and parks) for total economic contribution is 2.0152 times the Direct Economic Impact.	

The resulting total economic impact value of \$5,200,812, calculated solely as a multiple of Imagine Children’s Museum’s direct economic impact is 94% of the value we derived with the more labor-intensive approach¹⁶.

The results of this check process suggest that our estimate of the direct, indirect, and induced economic impacts of Imagine Children’s Museum on the City of Everett and Snohomish/King Counties are reasonable.

¹⁶ Application of the same technique to the Direct Economic Impacts of Imagine during 2017 *including donations and investment returns* yielded a Total Economic Impact of \$12,877,105 – a value 137% higher than the value we derived through our more labor-intensive approach. This difference is sizable, but likely reflects the conservative nature of our more laborious calculation over the application of the BLS statistical approach. Again, the result of this approach provides support that our estimate of a \$9.3 million total economic impact in 2017 is reasonable given our data and the BLS/RIMS assumptions

The Projected Economic Impact of Imagine’s 2021 Expansion

Imagine Children’s Museum has announced its intention to begin a substantial expansion of its current facilities in downtown Everett, Washington. This expansion, scheduled to take place in 2021, will allow Imagine to create new exhibits spaces, increase the museum’s capacity for new outreach programs and opportunities to engage with the local community, and provide significant infrastructure improvements to ensure Imagine’s long-term educational and economic contributions.

The impact of the expansion of Imagine Children’s Museum will provide a significant economic impact on at least two levels – the economic value created by the expansion of the museum itself, and the economic value of the long-term increase in direct earnings and expenditures and the related spill-over benefits to local economies.

The Impact of Capital Improvements

The anticipated cost of the museum expansion project is \$25 million. The construction of new facilities, improvement to the surrounding infrastructure, and renovation of existing buildings will provide significant economic contributions to the City of Everett and Snohomish/King counties.

Estimated Economic Impact of the Planned Expansion of Imagine Children’s Museum	
Direct Expansion Expenses*/**	\$25,000,000
Indirect and Induced Value of Expansion Expenses for the Local Community**	\$8,507,500
Total Economic Contribution of the Planned Expansion of Imagine Children’s Museum	\$33,507,500
<p>* Included in these expenses are expenditures directly to the City of Everett and to Snohomish County for design, permitting, testing and inspection, permit and mitigation fees, and utility fees. This estimate supplied by Imagine Children’s Museum.</p> <p>** Indirect and induced value is calculated by multiplying the direct expenses of the expansion by the RMIS II Type 1 Multiplier for Construction Industry of 1.3403. This value represents the anticipated economic “spillover” effects, in wage reinvestment, business reinvestment, purchasing power, tax collections, and other added economic values.</p>	

The applications of RMIS II industry multipliers suggest that the expansion of Imagine Children’s Museum will generate the indirect economic equivalent of 147 additional full and part-time jobs from the expansion process alone¹⁷.

Based on the expected costs of expansion and widely accepted industry multipliers, we estimate that the planned \$25 million expansion of Imagine Children’s Museum will contribute at least \$33,507,500 to the City of Everett, Snohomish County, and King County.

¹⁷ RMIS II Construction Type I Multiplier of 1.3403. Please see footnote 14 for more information on this metric.

The Impact of Post-Expansion Earnings – 2022 to 2026

The completion of the planned expansion of Imagine Children’s Museum is expected to significantly increase the Museum’s revenue in the first year after completion. Subsequent revenue growth is anticipated at 3% per year. The expected revenues of Imagine Children’s Museum in its first five years after expansion are as follows:

Expected Post-Expansion Revenues Imagine Children’s Museum	
2021*	\$2,033,794
2022**	\$2,599,880
2023	\$2,677,876
2024	\$2,758,212
2025	\$2,840,958
2026	\$2,926,187
Expected Five-Year Revenue of Imagine Post-Expansion (2022-2026)	\$15,836,907
<p>* Imagine Children’s Museum’s 2017 Revenue, minus donations and investment income, was \$1,807,074. The historical growth rate for non-donation and investment revenue at Imagine is 3%. 2021 revenue expectations were calculated assuming a consistent 3% year-to-year growth rate through the completion of the capital campaign and expansion construction. Revenue expectations courtesy Imagine Children’s Museum five-year capital campaign pro-forma statements.</p> <p>** Increased site and program capacity are expected to result in an initial increase of \$500,000 in non-donation/non-investment revenue, with a 3% per-year growth rate.</p>	

The increase in revenue from the expansion of Imagine Children’s Museum will provide significant economic benefit to the City of Everett, Snohomish County, and King County in both direct value of the dollars spent at Imagine Children’s Museum and in the indirect and induced value of those dollars flowing through the community.

Estimated Five-Year Economic Impact of the Post-Expansion Revenue of Imagine Children’s Museum	
Expected Five-Year Revenue Post-Expansion	\$13,803,113
Indirect and Induced Value of Post-Expansion Revenues for the local community*	\$14,979,138
Total Economic Contribution of the Planned Expansion of Imagine Children’s Museum	\$28,782,251
* Indirect and induced value is calculated by multiplying the direct expenses of the expansion by the RMIS II Type 2 Multiplier for the Museum Industry of 2.02. This value represents the anticipated economic “spillover” effects, in wage reinvestment, business reinvestment, purchasing power, tax collections, and other added economic values.	

The applications of RMIS II industry multipliers suggest that the revenue generated by Imagine Children’s Museum in the five years following the expansion of their facility will generate the indirect economic equivalent of 219 additional full and part-time jobs from the expansion process alone¹⁸

Based on the expected revenue following the completion of its facility expansion and widely accepted industry multipliers, we estimate that Imagine Children’s Museum will contribute at least \$28,782,251 in Total Economic Impact to the City of Everett, Snohomish County, and King County between 2022 and 2026.

¹⁸ RMIS II Museum Type II Multiplier of 2.02. Please see footnote 14 for more information on this metric.

The Projected Economic Impact of Imagine’s 2021 Expansion – A Summary

An analysis of the anticipated economic benefit of the expansion of Imagine Children’s Museum in 2021 and the revenue gains in the five years post-expansion suggests a significant economic opportunity for the City of Everett and Snohomish/King counties during those six years.

Estimate Economic Impact of Imagine Children’s Museum on The City of Everett, Snohomish County, and King County Through Expansion and Post-Expansion Revenue	
Total Economic Contribution of the Planned Expansion of Imagine Children’s Museum	\$33,507,500
Total Economic Contribution of the Planned Expansion of Imagine Children’s Museum	\$27,816,033
Total Economic Impact between 2021 and 2026	\$61,323,533

Our analysis of the expected costs of expansion and the expected post-expansion revenue of Imagine Children’s Museum suggests that Imagine Children’s Museum will contribute at least \$61,323,533 in unique economic value to the City of Everett, Snohomish County, and King County between 2021 and 2026 as a result of their expansion.

Non-Economic and Hard-to-Quantify Impacts

It is a challenging endeavor to provide a complete assessment of the economic contribution of any venture, as there are many contributions that ventures can make to local and regional economies that are difficult to assess or challenging to directly attribute.

As a locally based not-for-profit, volunteer-rich education institution, Imagine Children's Museum currently provides or has the potential to provide a number of ancillary economic contributions. These contributions are challenging to put an exact dollar figure to and it is difficult to determine Imagine's share of that contribution. Nonetheless these contributions have a lasting and significant impact on the City of Everett, Snohomish/King Counties, and throughout the Pacific Northwest. We offer an abbreviated list of these ancillary benefits for your consideration.

The impact of volunteerism

In 2017, more than 401 volunteers from the community contributed 4,929 hours of service toward Imagine's mission¹⁹. This represents a volunteer labor force contribution of \$56,683 toward the educational development of the children of Everett and Snohomish/King counties.

The impact of a strong cultural and multi-generational education presence

Imagine Children's Museum's presence in the central Puget Sound region provides tangible spillover effects that we have already identified, and holds the potential to provide important intangible effects as a signal of a community investment in education, the arts, and the not-for-profit sector. The presence of a significant educational and cultural center has the potential to signal a focus on bringing outside visitors to the region. These areas serve as hubs attracting new residents, business investment and commercial development throughout the regions they support.

The linkage of STEM education and business attraction

Imagine's mission of educational enrichment, with a particular focus on many of the key STEM (science, technology, engineering, and mathematics) themes provides a potential signaling opportunity for Snohomish/King counties to employers about their commitment to training and nurturing a 21st-century workforce. The recent enactment of House Bill 1872 in Washington State included language that acknowledged a significant gap in STEM skills in the state²⁰. A 2013 joint report from the Boston Consulting Group and the Washington Roundtable estimated that as many as 25,000 high-skill job remained unfilled in Washington State due to a lack of appropriate STEM skills in job-seekers, and forecasted by this year that number could climb to 50,000. The authors of this study suggest that a dollar of investment in STEM education yields seven dollars of economic return in tax revenues, savings on spending for social programs to support low-wage earners, and increased salaries²¹.

¹⁹ Imagine Children's Museum 2017 Form 990

²⁰ State of Washington, Office of the Superintendent of Public Instruction.

²¹ The Boston Consulting Group and The Washington Roundtable. Great Jobs Within Our Reach: Solving the Problem of Washington State's Growing Job Skills Gap. 2013.

The furthering of educational inclusion

For more than a decade, Imagine Children’s Museum has hosted a monthly Free Admission Night. Each year, more than 10,000 children and their families attended, with 65% of attendees representing low-income households.²² Over the course of 2017, Imagine Children’s Museum provided free or reduced admission to more than 51,000 children and their families, and hosted field trips to more than 11,500 students throughout the region²³. Imagine’s emphasis on creating inclusive access to education in the sciences, history, and the arts has the potential to serve as an important leveler in creating access to educational development for children throughout the Pacific Northwest.

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²² Ibid

²³ Imagine Children’s Museum 2017 Annual Report

